

#2

DATE: August 21st, 2011

TO: Planning Commissioners Irving, Topping, Christianson, Murphy and O'Grady
RE: FILE NO. LRP2009-00005, Proposed Amendments to Coastal Zone Land Use
Ordinance Section 23.08.165- Residential Vacation Rentals. Hearing Date: August 25th, 2011
FROM: Richard L. Watkins

As the third Planning Commission hearing regarding amendments to the Vacation Rental Ordinance approaches, there are a few remaining issues worthy of consideration.

> Oceanfront properties in Cayucos should be granted an exemption from the density standards in Section 1 c. (1) Location. These oceanfront houses have no beach side neighbors, experience high ambient noise from surf and exuberant public beach activity. They also front streets with significant traffic count and few are occupied by full time residents. Many oceanfront houses were grandfathered as vacation rentals, but when the older structures are expensively remodeled or replaced with new construction, they are seldom vacation rented again. This creates another source of attrition, within the most productive sector of visitor serving lodging in the County. An exemption from the density standards is unlikely to result in numerous new vacation rentals in Cayucos. Setting aside existing active rentals, houses with unused licenses, substandard houses, houses used extensively for family vacations and full time residents, the demand for additional vacation rental licenses is not likely to be high. Importantly, oceanfront rentals show strong occupancy year round producing impressive TOT/BID figures while providing a singular experience for vacationers who tend to contribute heavily to the local economy. Even a few additional oceanfront vacation rentals would account for far more visitor serving occupancy than a substantial number of vacation rentals in less prime locations.

Note: Oceanfront houses in Cambria share the ambient surf sound, but differ from Cayucos oceanfronts in most other respects, suggesting that modification of Cambria's oceanfront density standards might pose problems in excess of benefits.

> Condominium and Planned Development projects in residential zoning categories of Cayucos deserve consideration for special treatment regarding the density standards in Section 1 c. (1) Location. Avila feels a 50 ft measure from the wall of individual condominium/PD units is fair, but Cayucos has a more complex situation with condos in commercial zoning not subject to density standards and oceanfront condos in which a majority of units are grandfathered as vacation rentals. Home Owners Associations have the ability to ban vacation rentals altogether or set standards that are more restrictive than those contained in the vacation rental ordinance. Why not simply allow the HOAs to regulate their individual common interest developments by creating standards fitting the needs of the owners. If an HOA Board votes to allow all the units to have the option of becoming vacation rentals, that decision should prevail. There are no winners when the County attempts to micro manage HOAs.

> A different means of measuring density standards in Section 1 c. (1) Location is needed for large parcels in both Los Osos and Cambria. Houses on contiguous parcels can be located well over 200 feet apart. For example, where at least one of the parcels in question exceeds a half acre, the distance between house footprints, not property lines, should be used in performing density measurements.

> The staff report item "Existing Residential Vacation Rentals (permitted) describes a situation in which a house that is licensed, but not used as a rental, could lose its eligibility for a license, decreasing the number of potential future vacation rentals. Licensed vacation rentals, unused as such at present, could

be used as vacation rentals at a later date, either through a change in owner plans or upon a change of ownership. The motivation for sunsetting unused licenses has always been to allow other houses to obtain licenses. This mechanism described here would only rarely accomplish that because of supersaturation in prime areas. Net visitor serving lodging opportunities would actually decrease over time.

> Unlicensed vacation rentals should be targeted by a more effective enforcement program than currently exists. Whatever the County is doing to enforce the vacation rentals license law is not working, as evidenced by the growing number of Internet offerings. A proactive effort by County staff to identify and cite unlicensed vacation rentals is needed, but if that's not feasible, the process should be made far simpler. An online, menu driven system in which a complaint could be filed by a member of the public (identity known only to County), then tracked and resolved in a transparent process, could act as both an effective enforcement tool and a strong deterrent.

The historic role of Cambria as a retirement haven arose from an entitlement/benefit environment unlikely to survive the current economic cycle. For many seniors, delayed retirement, forced austerity and the financial fallout of the mortgage meltdown may cast expensive coastal towns in a different light. Tourism has greater potential as a long term source of economic vitality, but the magnificent geography that provides San Luis Obispo County with unmatched beauty also dictates a need for diverse visitor serving lodging to encourage the necessary travel and successfully compete in an increasingly aggressive market. The amended Vacation Rental Ordinance that emerges from this lengthy process may be in effect for 10 years, or more. If the Ordinance fails to accommodate an increase in vacation rentals and their visitor serving lodging capacity sufficient to offset the inevitable attrition occurring in prime, supersaturated areas, the erosion of well being in these small coastal communities may produce a bleak future of missed opportunity.

Richard L. Watkins

Richard L. Watkins Real Estate Services
PO Box 211
Cayucos, CA 93430

CDRE # 00897399



Fw: vacation rental ordinance revision

John Busselle to: PL_PC_Commissioners_only
Cc: Ramona Hedges

08/22/2011 01:27 PM

----- Forwarded by John Busselle/Planning/COSLO on 08/22/2011 01:27 PM -----

From: joe and barb crowley <jcrowley_1@charter.net>
To: jbuselle@co.slo.ca.us
Date: 08/22/2011 10:52 AM
Subject: vacation rental ordinance revision

Hello John:

I read the revisions for the ordinance as directed by the Planning Commission in preparation for the hearing on the 25th.

I think they are very workable and will be helpful for both sides of the issue.

RE: (d) Tenancy:

In the previous draft, you gave an example of the interpretations, and that was very helpful. Perhaps you could include a similar phrase, such as: "For purposes of this paragraph, the first day of tenancy determines the month assigned to that rental."

I've already had discussions with rental managers on the need to clarify this interpretation, and there seems to be agreement that it would be helpful to include a specific formula.

Thanks for your time and interest.
Sincerely,
Barbara Crowley



Vacation Rental ordinance email

Bob Kasper to: Rhedges

Cc: Jim Irving

08/23/2011 01:46 PM

SLO Planning Commission-

I would like to take this opportunity to send an email about two issues I have with the Vacation Rental ordinance changes that you have been discussing for a few weeks (and working on for a few months!) now. I am a Property Manager in Cambria.

My biggest issue is with the potential to change the current language regarding scheduling rentals. The draft had language in there that stated that if a rental starts on Friday, then the next rental could not start until the following Friday. While I understand the intent of this language, the actual rule would create problems serving the public. For example, what if a rental started on Saturday, for two days. Because a "typical" rental starts on a Friday, that next weekend after the Saturday check-in would be almost unrentable. In the off-season, as you can imagine, the weekends are the bread and butter of rentals. People do not typically rent for a week. I know that there was some extensive conversations over changing this draft to something along the lines of 'four rentals per month'. This DOES make sense to me. One thing that would have to be clarified is what consists of a rental. I would recommend that the language read 'four check-ins per month'.

I also have another issue with the potential change, in Cambria ONLY to a 200 foot radius for both traffic and noise. It just seems excessive to me. For example, on the "normal" blocks on Park Hill, homes that are not only across the street, but those behind those homes, homes behind *those* homes, and homes on the fringes past *those* homes would be affected. Please see my attachment to "see" what I mean. I have noted the Vacation Rental home in blue, and those homes which seem to be so far away from the Vacation Rental that they would just not be affected by noise and/or traffic.

Please feel free to call or email me if you have any questions. I can be reached at 805-927-1303.

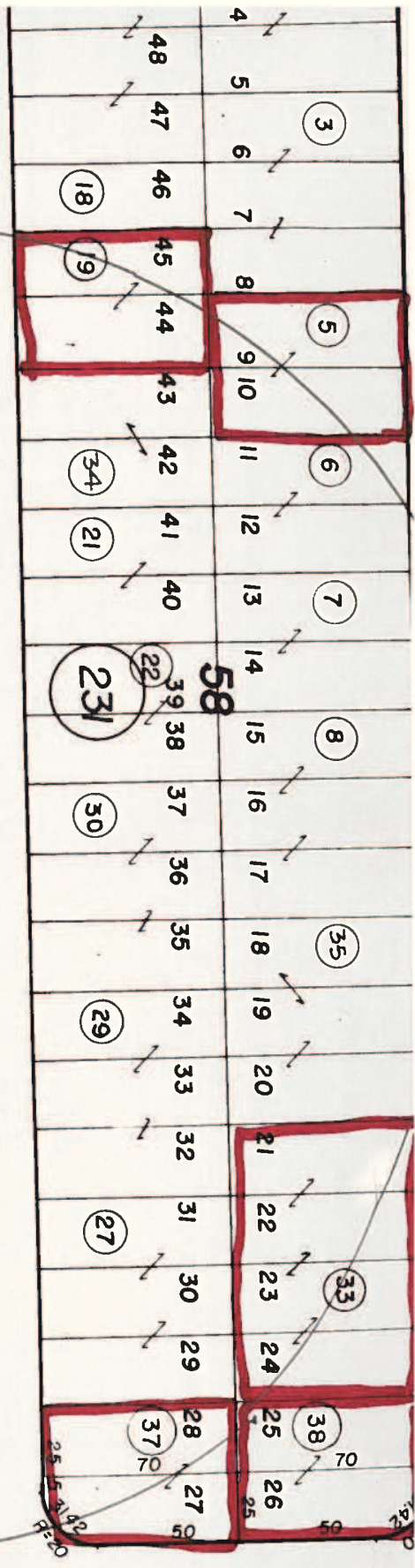
Thanks for your time.

Have a great day!

Bob

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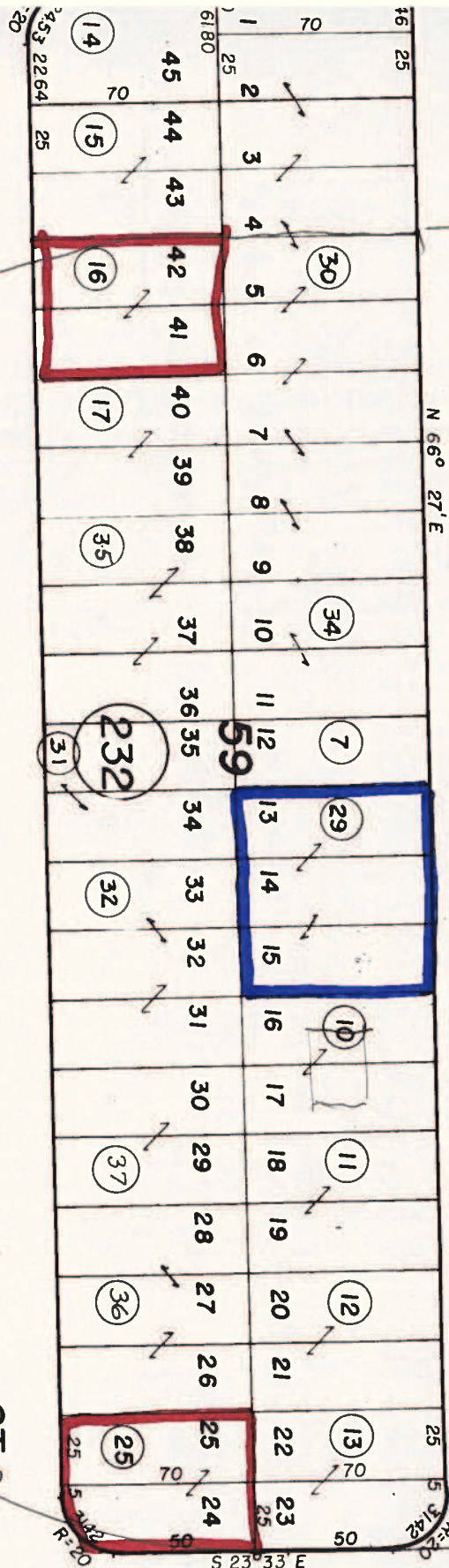
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768 Main Street



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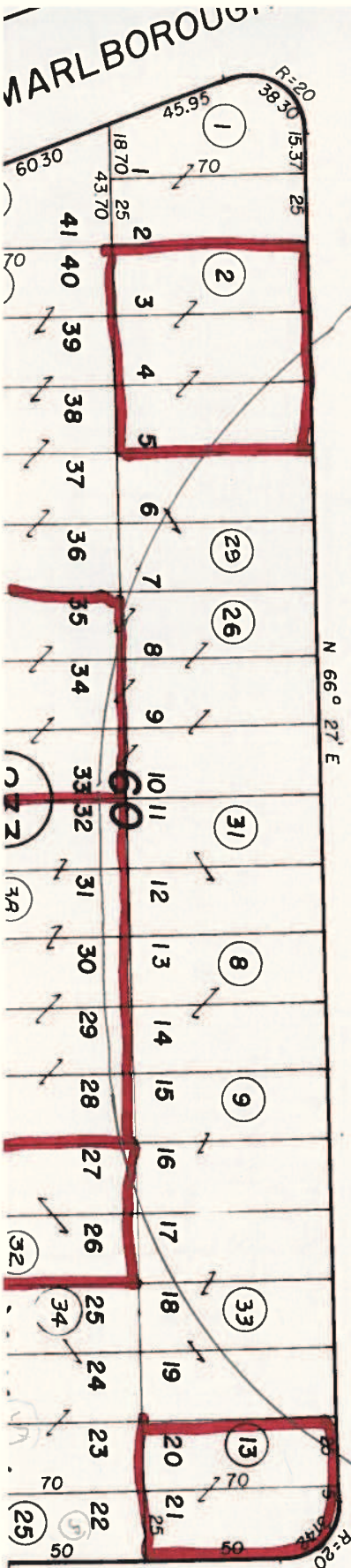
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DORSET

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PEMBROOK 50

August 22, 2011

Planning Commissioners Christianson, O'Grady, Topping & Murphy

Regarding Proposed Amendments to the Coastal Zone LUO regarding Vacation Rentals ,
Agenda Item 2, for the August 25, 2011 hearing

I commend you on the progress that you have made on this subject after much deliberation. However I urge you to consider a few further changes to improve the draft that is before you this week.

1. Regarding Section 1.b.: I believe the "service provider" should have to show proof that their system is unable to provide service to all new users before being given the authority to deny the use of a house as a vacation rental. Currently heavy use is simply controlled by increased costs, not by denying service so why should the conversion of a house to vacation rental be considered differently?
2. Subsection k.: I believe the residency requirement for a property owner to be the contact person should be "within the County" and not limited to the immediate community. I know that in our own case, since we manage our rental ourselves and are only 30 minutes away, we could be onsite as quickly as the sheriff should there be a problem. I believe that there are many owner managers who live in areas other than that of their rental house.
3. Subsection i: Limiting parking to on-site only when the residents are allowed to park in front of their houses is unreasonable. I would recommend that parking also be allowed "out of the roadway in front of the house."
4. Subsection m.: There needs to be provision for a grace period regarding the renewal of a license so that there is no possibility of a license expiring because of a loss of the renewal in the mail. At least one 'reminder' or "past due" notice should be given before the license is jeopardized.

I also want to support your decision to separate the various communities. As your deliberations have shown, trying to create a "one size fits all" standard is nearly impossible. However, you may also want to consider sub-sections within a community to allow exemptions for those properties with larger lots or ocean frontage where the ambient noise is so significantly different than other areas within the community.

Finally, the comments made by members of the public regarding the unlicensed rentals I think should be taken very seriously. Perhaps a web based system that would allow members of the public to log in a complaint notifying the county of such could help control the spread of unpermitted rentals.

Thank you for consideration of these points.

Jim Irving

Cayucos Members of the Central Coast Management Association

August 22, 2011

San Luis Obispo Planning Commissioners:

Jim Irving, 1st District

Ken Topping, 2nd District

Carlyn Christianson, 3rd District

Tim Murphy, 4th District

Dan O'Grady, 5th District

Dear Planning Commission:

We have reviewed the recommendations/amendments for the Vacation Rental ordinance. The Cayucos Members of the CCMA have some additional input that we would like you to consider.

1. **Separation of the three Communities:** We agree that this is appropriate. For Cayucos, we are suggesting that there should be certain areas of Cayucos that are exempt from the Density Standard:
 - a. Multi-Family Zoned parcels (see attached condominium association letter).
 - b. All Oceanfront parcels (see attached for supporting reasons).
2. **Unpermitted Vacation Rentals.** It is our opinion that the county needs to be more proactive in locating and identifying the illegal rentals rather than wait for complaints to stimulate an investigation. Please be more definitive in regards to this matter; also include language explaining what the penalties are, writing them in the ordinance instead of referring to something that needs to be referred to.
3. **Existing Vacation Rentals (permitted):** In regards to retiring some Vacation Rentals, What exactly is meant by "discontinued" use of the land for 12 months or more in the context of a non-conforming Vacation Rental? Is it lack of use as shown by non- payment of Occupancy tax in a 12 month period, or does it mean letting the license expire? What about "conforming" rentals and how they might expire. There are plenty of conforming vacation rentals which are not being used legitimately as vacation rentals, i.e. used to prevent a vacation rental or the license was obtained to add value to the home or for the future possibility of vacation renting the home. These homes are inactive also.
4. **Notification:** We would like to propose that the county (for an established fee to the applicant) generate and send out the 200 ft Notification upon approval of any new vacation rental. They have the software and are already equipped to provide this service in the same manner that variances and minor use permits are currently being done. This would ensure that the neighbors are properly notified and there is evidence of the notification. Currently it is cumbersome and difficult for most home owners and property managers to know exactly what /who is in a 200 ft radius from their vacation rental.

Your consideration of the above is appreciated.

Sincerely,

Toni LeGras
Beachside Rentals
805-995-3680

Supporting Documentation for Item 1b. – Vacation Rental Ordinance Ammendments

Houses on oceanfront parcels warrant a special density standard because most of the factors associated with complaints typical among other vacation rentals either don't apply or are of reduced significance.

1. Oceanfront houses lack any neighbors on the beach side.
2. Oceanfront houses experience relatively high ambient noise levels from the surf and people on the beach.
3. Very few oceanfront homes are occupied by full time residents, either owners or tenants.
4. The roads adjacent to oceanfront property are normally rather busy, minimizing the relative impact of vacation rentals on traffic count.
5. Oceanfront houses that are extensively remodeled or replaced with costly new construction are then rarely used as vacation rentals, even if they do remain licensed.

Simply adjusting the distance measures for oceanfront parcels would yield uneven results due to the wide variety of lot widths and shapes. Some parcels are as narrow as 25 ft, others as wide as 100+feet.

Eliminating the density standard for Cayucos oceanfront parcels would not result in a significant increase in the number vacation rentals. Many of the oceanfront parcels are already grandfathered, others are elite vacation residences never to be vacation rented and many are well used by members of the owner's extended family. Any increase in oceanfront vacation rentals would create clear benefits.

1. The added visitor serving lodging capacity would help to offset attrition among grandfathered vacation rentals in prime areas, including those on the oceanfront.
2. Demand for oceanfront vacation rentals is high, often exceeding supply, and oceanfront vacation rentals yield relatively high occupancy year round.
3. Oceanfront rentals produce significant TOT/BID revenue because of higher occupancy and rental rates.
4. The vacationers staying in oceanfront houses tend to contribute heavily to the local economy.
5. Any greater availability of oceanfront vacation rentals would increase opportunities for vacationers to book prime oceanfront and non-oceanfront rentals during the year, particularly at peak times of the year.

Contact: Toni LeGras/Beachside Rentals at 805-995-3680 for questions.

25431 Markham Lane
Salinas, CA 93908
February 2, 2010

SLO Co. Board of Supervisors
County Government Center
San Luis Obispo, CA 93401

Re: Vacation Rentals Ordinance

Dear Board of Supervisors,

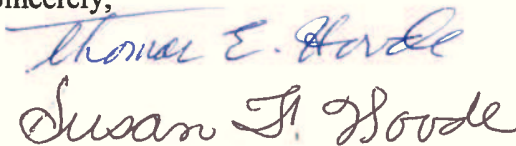
We are the owners of a condominium located at 349 N. Ocean Ave., A2 in Cayucos, CA. Our condo is one of 30 at that location and zoned multifamily. None of us reside there permanently, and many of us rent our units to vacationers.

Most of our renters are families from the Central Valley and prefer to rent a condo because a motel room is not adequate for their needs. The renters pay a TOT tax to the county and patronize local businesses. As owners we use the rental income to help pay our SLO County property taxes.

We do not have residences within 200 feet of our condos and never have had a complaint about our rental policy from neighbors. Our condo bylaws permit vacation rentals and the ordinance is in conflict with our bylaws because of the 200 foot density rule. An ordinance restricting future condo owners from renting to vacationers will adversely affect the value of our condos and the property taxes we pay. My property tax exceeds \$8,000 per year, and we receive minimal services from SLO County.

We respectfully request that any rental ordinance exclude condominiums which are zoned multifamily.

Sincerely,

The block contains two handwritten signatures in blue ink. The first signature is "Thomas E. Hovde" and the second is "Susan J. Hovde".

Thomas and Susan Hovde

Cayucos Beach Condominiums

P.O. Box 403
Cayucos, CA 93430

(805) 995-3643 Phone

(805) 995-3657 Fax

To: John Busselle
SLO County Planning

Re: Cayucos Beach Condos
349 N. Ocean Ave., Cayucos, CA

Date: August 22, 2011

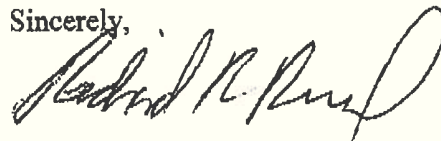
Dear Mr. Busselle:

It has been brought to the attention of the owners of each of our units that County Planning has been applying the density restrictions to our complex under the Vacation Rental Ordinance.

In as much as our CC&R's, Bylaws, and Rules & Regulations allow short-term rentals in our complex, the owners voted unanimously at our recent Annual Meeting on January 31, 2009 to request the County to eliminate this restriction for our complex. It creates an unfair restriction on some units and not on others and we are certain that was not the intent of the Ordinance when written. We feel all of our owners should have the ability to vacation rent their property if they choose to.

Should you wish to discuss this, please feel free to contact me through our Management Company.

Sincerely,



Richard Russel
Board of Directors President